

**GRAND COUNTY SCHOOL DISTRICT**

---

**Financial Statements  
and  
Independent Auditors' Report  
with Supplemental Information**

**June 30, 2005**

# GRAND COUNTY SCHOOL DISTRICT

## TABLE OF CONTENTS

<b>Independent Auditors' Report</b>	<b>1</b>
<b>Management's Discussion and Analysis</b>	<b>3</b>
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet - Governmental Funds	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	16
Statement of Fiduciary Net Assets - Private Purpose Trust Fund	17
Statement of Changes in Fiduciary Net Assets	18
Notes to Financial Statements	19
<b>Combining and Individual Fund Statements and Schedules</b>	
Combining Balance Sheet - Nonmajor Governmental Funds	30
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	31
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue Funds	32
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Projects Funds	33
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	34

# GRAND COUNTY SCHOOL DISTRICT

## TABLE OF CONTENTS (continued)

### **Statistical and Additional Information Schedules**

Schedule of Balance Sheets - All School Agency Funds	35
General Fund Schedule of Detailed Operating Expenditures Compared with Budget	36
Schedule of General Fund Statistical Summary - Revenues, Expenditures, and Changes in Fund Balances	38

### **Reports and Schedules Required by the Single Audit Act**

Schedule of Expenditures of Federal Awards	40
Notes to Schedule of Expenditures of Federal Awards	41
Schedule of Findings and Questioned Costs - Federal Awards	42
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	43
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	44
Report on Legal Compliance Applicable to Utah State Laws and Regulations	46
Schedule of Findings - Compliance - State of Utah	48



**Haynie &  
Company**

**Certified Public Accountants** (a professional corporation)

1785 West Printers Row Salt Lake City, Utah 84119 (801) 972-4800 Fax (801) 972-8941

**INDEPENDENT AUDITORS' REPORT**

Honorable Board of Education  
**Grand County School District:**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Grand County School District (District)**, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the **District's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of **Grand County School District** as of June 30, 2005, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund and the major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2005, on our consideration of **Grand County School District's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which considered principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Grand County School District's** basic financial statements. The combining and individual non-major fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Haynie & Co*

Salt Lake City, Utah  
December 1, 2005

## Management's Discussion and Analysis

This discussion of Grand County School District's financial performance provides an overview of the District's financial activities for the year ending June 30, 2005. This report is in conjunction with the District's financial statements.

### Financial Highlights

- ◆ The assets of Grand County School District exceeded its liabilities as of the close of the most recent year by \$5,828,689 (net assets). Of this amount, \$53,257 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ The government's total net assets decreased by \$673,494. The revenues were less than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts.
- ◆ At the close of the current year, the Grand County School District governmental funds reported combined ending fund balances of \$2,320,942, a decrease of \$1,190,137 in comparison with the prior year. Approximately 2.3 percent of this total amount, \$53,257, is available for spending at the government's discretion (unreserved fund balance).
- ◆ At the end of the current year, unreserved fund balance for the general fund was \$53,257, or .56 percent of total general fund expenditures.
- ◆ Grand County School District's total debt decreased by \$614,328 during the current year.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Grand County School District's basic financial statements. Grand County School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of Grand County School District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Grand County School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Grand County School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Refer to the table of contents for the location of the government-wide financial statements.

#### Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Grand County School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Grand County School District can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Grand County School District maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, student activities fund, debt service fund, and capital outlay fund, all of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Grand County School District adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

**Proprietary funds**

Grand County School District does not maintain any proprietary funds.

**Fiduciary funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Grand County School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Refer to the table of contents for the location of the basic fiduciary fund financial statements.

**Notes to financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

**Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Grand County School District.

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information.

**Government-wide financial analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Grand County School District, assets exceeded liabilities by \$5,828,689 at the close of the most recent fiscal year.

By far the largest portion of Grand County School District's net assets (60 percent) reflects its investment in capital assets (e.g. land, buildings, improvements, equipment & furniture, and vehicles), less any related debt used to acquire those assets that is still outstanding. Grand County School District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Grand County School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### Grand County School District's Net Assets

	Governmental Activities	
	2005	2004
Current and other assets	\$ 7,199,424	\$ 8,093,311
Capital assets	10,724,261	5,615,731
Total assets	17,923,685	13,709,042
Long-term liabilities outstanding	6,953,113	7,567,441
Other liabilities	5,141,883	4,822,338
Total liabilities	12,094,996	12,389,779
Net Assets:		
Invested in capital assets, net of related debt	3,507,747	2,991,788
Restricted	2,267,685	2,882,909
Unrestricted	53,257	627,486
Total net assets	\$ 5,828,689	\$ 6,502,183

A portion of Grand County School District's net assets (39 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$53,257, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, Grand County School District is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities. The same situation held true for the prior year.

#### Governmental activities

Governmental activities decreased Grand County School District's net assets by \$673,494. Key elements of this decrease are as follows:

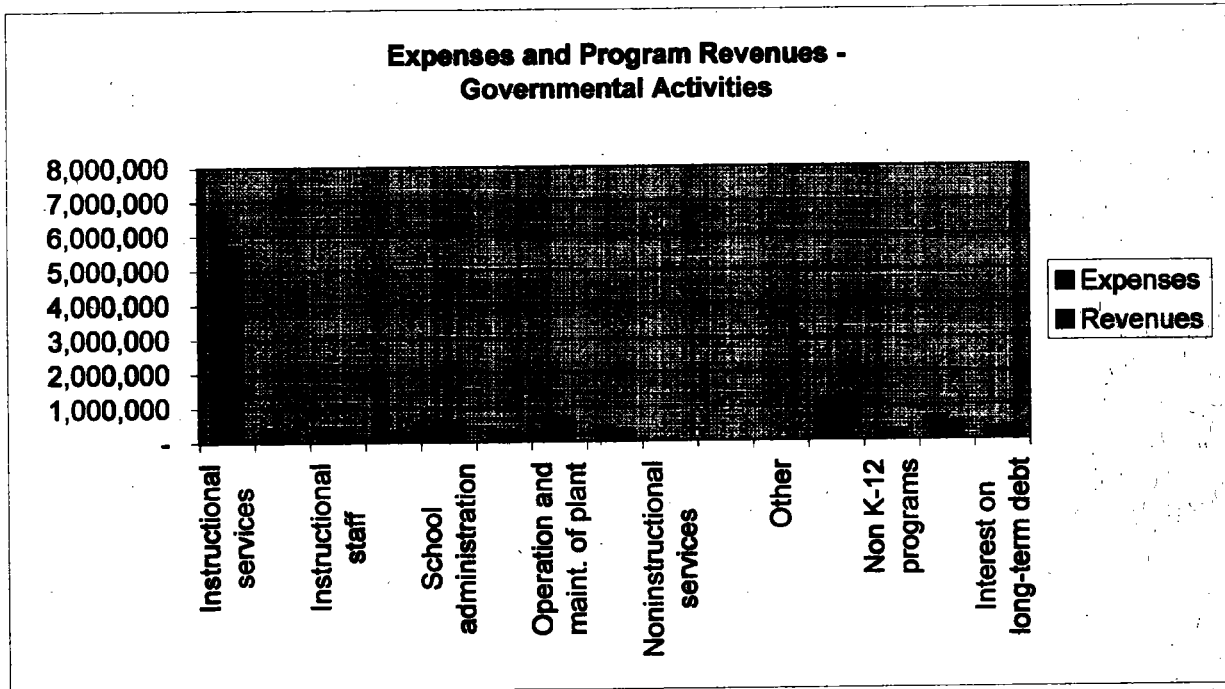
#### Grand County School District's Changes in Net Assets

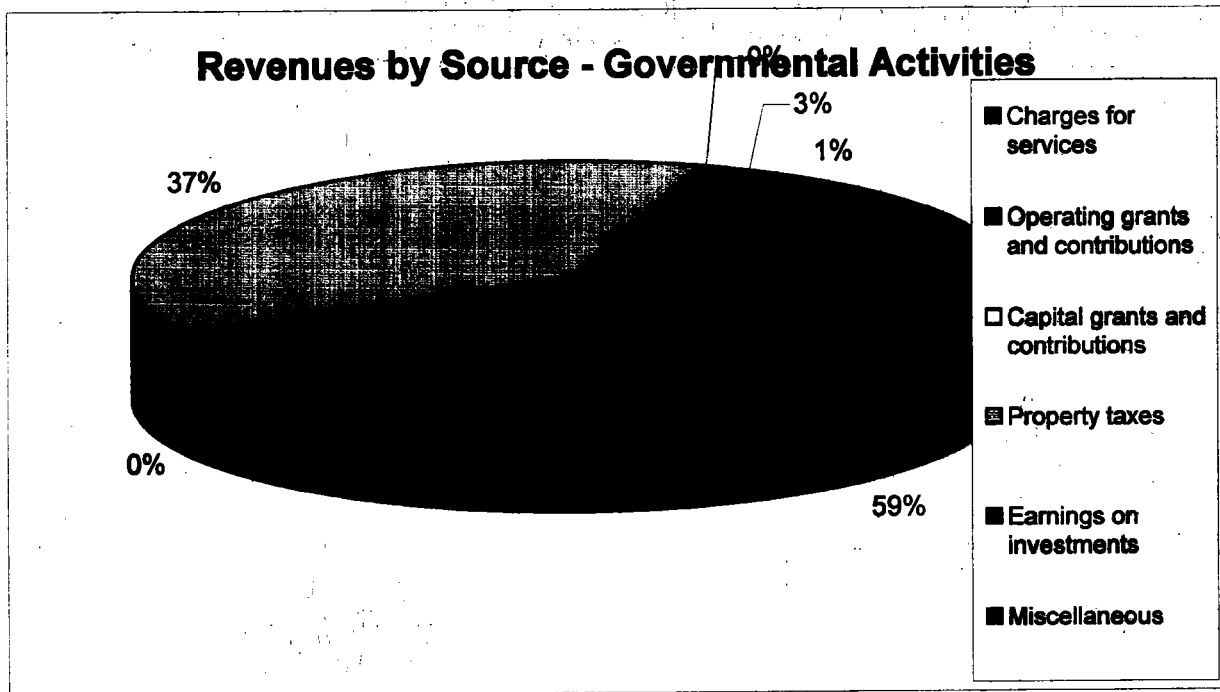
	Governmental Activities	
	2005	2004
Revenues:		
Program revenues:		
Charges for services	\$ 167,879	\$ 160,090
Operating grants and contributions	6,835,966	6,396,943
Capital grants and contributions	7,164	40,675
General revenues:		
Property taxes	4,419,767	4,025,918
Grants and contributions not restricted to specific programs	-	-
Earnings on investments	56,945	37,337
Gain on sale of capital assets	-	-
Miscellaneous	356,930	806,893
Total revenues	\$11,844,651	\$ 11,467,856



**Grand County School District's Changes in Net Assets (continued)**

	<b>Governmental Activities</b>	
	<b>2005</b>	<b>2004</b>
<b>Expenses:</b>		
Instructional services	\$ 6,741,601	\$ 5,732,739
Students	391,000	301,010
Instructional staff	402,060	389,119
District general administration	305,857	290,337
School administration	626,068	593,413
Business	346,692	329,296
Operation and maint. of facilities	764,903	711,140
Student transportation	403,055	350,548
Noninstructional services	42,943	-
Community services	-	98
Other	9,668	5,193
Capital outlay	1,190,910	1,332,455
Non K-12 programs	283,477	272,571
Food service	671,294	516,565
Interest on long-term debt	338,616	371,350
Total expenses	<u>12,518,145</u>	<u>11,195,834</u>
Increase (decrease) in net assets	(673,494)	272,022
Net assets - beginning	6,502,183	6,230,161
Net assets - ending	<u>\$ 5,828,689</u>	<u>\$ 6,502,183</u>





- ◆ Charges for services increased by \$7,789.
- ◆ Operating grants increased by \$439,023 due mainly to an increase in instructional services.
- ◆ Capital grants decreased by \$33,511.
- ◆ Property taxes increased by \$393,849 due to an increase in assessing and collecting of property taxes.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Two noteworthy exceptions, however, were Grand County School District's capital outlay, which decreased by \$141,545 due to fewer capital expenditures and more depreciation, and interest on long-term debt, which decreased by \$32,734.

#### Financial Analysis of the Government's Funds

As noted earlier, Grand County School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental funds**

The focus of Grand County School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Grand County School District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, Grand County School District's governmental funds reported combined ending fund balances of \$2,320,942, a decrease of \$1,190,137 in comparison with the prior year. Approximately 2.3 percent of this amount, \$53,257, constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) to capital projects, \$461,948, 2) to debt service, \$1,432,564, 3) to food service, \$218,067, 4) to non K-12 programs, \$98,878, 5) to scholarships, \$34,005, and 6) to inventory, \$22,223.

The general fund is the chief operating fund of Grand County School District. At the end of the current year, unreserved fund balance of the general fund was \$53,257, while total fund balance reached \$64,601.

### **General Fund Budgetary Highlights**

There were no differences between the original budget and the final amended budget:

During the year, actual revenues were less than budgeted revenues by \$373,142, and actual expenditures were less than budgeted expenditures by \$89,113. Proceeds from the sale of assets and miscellaneous income generated additional funds in excess of amounts budgeted, after interfund transfers in/(out) of \$300,000 and (\$0), respectively, totaling \$224,352. The net change in fund balance in excess of amounts budgeted totaled \$59,677.

### **Capital Asset and Debt Administration**

#### **Capital assets**

Grand County School District's investment in capital assets for its governmental activities, as of June 30, 2005, amounts to \$10,724,261 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment & furniture, and vehicles. The total decrease in Grand County School District's investment in capital assets for the current year was \$417,197.

Major capital asset events during the current year included the following:

- ◆ Improvements additions of \$179,309 for a roof, seating, crackseal, and ramps.
- ◆ Equipment & furniture additions of \$156,344 for computers, tables, and a laser.
- ◆ Vehicle additions of \$154,675 (trucks, cars, and a new bus) and disposals of \$287,566 (old buses).

**Grand County School District's Capital Assets**  
(net of depreciation)

	<u>Governmental Activities</u>	
	2005	2004
Land	\$ 740,658	\$ 740,658
Buildings	7,597,849	7,868,745
Improvements	1,865,047	1,850,368
Equipment & furniture	189,793	96,422
Vehicles	330,914	241,297
Total	<u>\$10,724,261</u>	<u>\$ 10,797,491</u>

Additional information on Grand County School District's capital assets can be found in the notes to the financial statements.

**Long-term debt**

At the end of the current year, Grand County School District had total debt outstanding of \$6,953,113. The debt represents general obligation bonds and leases payable.

**Grand County School District's Outstanding Debt**

	<u>Governmental Activities</u>	
	2005	2004
General obligation bonds	\$ 6,825,000	\$ 7,290,000
Leases payable	128,113	277,441
Total	<u>\$ 6,953,113</u>	<u>\$ 7,567,441</u>

State statutes limit the amount of debt a School District may issue to 4 percent of its total fair market value of taxable property in the District. The current debt limitation for Grand County School District is \$23,227,612.

Additional information on Grand County School District's long-term debt can be found in the notes to the financial statements.

**Economic Factors and Next Year's Budgets and Rates**

- ♦ The economic outlook appears promising due to continued tourism trade in Moab, and Moab as a popular place to purchase second homes.

All of these factors were considered in preparing Grand County School District's budget for the 2005-06 year.

**Requests for Information**

This financial report is designed to provide a general overview of Grand County School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Grand County School District Business Administrator, 264 South 400 East, Moab, Utah, 84532.

# Grand County School District

## Statement of Net Assets

June 30, 2005

	Governmental Activities
<b>Assets:</b>	
Cash and investments	\$ 2,318,014
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):	
Taxes	4,063,049
Grants	703,252
Other	92,886
Inventory	22,223
Capital assets, net:	
Land	740,658
Buildings	7,597,849
Improvements	1,865,047
Equipment & furniture	189,793
Vehicles	330,914
<b>Total assets</b>	<b>17,923,685</b>
<b>Liabilities:</b>	
Accounts payable	77,766
Accrued interest payable	161,404
Accrued expenses	917,756
Deferred revenue	3,882,960
Accrued liability for vested compensated absences	101,997
Long-term debt and capital lease obligations:	
Due within one year	613,113
Due in more than one year	6,340,000
<b>Total liabilities</b>	<b>12,094,996</b>
<b>Net assets:</b>	
Investment in capital assets, net of debt	3,507,747
Restricted for:	
Capital projects	461,948
Debt service	1,432,564
Food service	218,067
Non K-12 programs	98,878
Scholarships	34,005
Inventory	22,223
Unrestricted	53,257
<b>Total net assets</b>	<b>\$ 5,828,689</b>

# Grand County School District

## Statement of Activities

For the Year Ended June 30, 2005

Functions	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets Governmental Activities
		Charges for Services	Operating Grants/Contributions	
<b>Governmental activities:</b>				
Instructional services	\$ 6,741,601	\$ -	\$ 5,427,494	\$ (1,314,107)
Supporting services:				
Students	391,000	-	154,908	(236,092)
Instructional staff	402,060	-	95,165	(306,895)
District general administration	305,857	-	172,498	(133,359)
School administration	626,068	-	231,891	(394,177)
Business	346,692	-	96,549	(250,143)
Operation and maintenance of facilities	784,903	-	470,958	(293,945)
Student transportation	403,055	-	183,103	(219,952)
Noninstructional services	42,943	-	-	(42,943)
Community services	-	-	-	-
Other	9,668	-	3,400	(6,268)
Capital outlay	1,190,910	-	-	(1,183,746)
Non K-12 programs	283,477	-	-	(283,477)
Food service	671,294	167,879	-	(503,415)
Interest on long-term debt	338,616	-	-	(338,616)
<b>Total school district</b>	<b>\$12,518,145</b>	<b>\$ 167,879</b>	<b>\$ 6,835,966</b>	<b>\$ (5,507,136)</b>

### General revenues:

#### Property taxes levied for:

General purposes	2,119,982
Non K-12 programs	148,068
Debt service	822,965
Capital outlay	1,328,752
Earnings on investments	56,945
Miscellaneous	356,930
<b>Total general revenues</b>	<b>4,833,642</b>

### Change in net assets

Net assets - beginning	6,502,183
<b>Net assets - ending</b>	<b>\$ 5,828,689</b>

# GRAND COUNTY SCHOOL DISTRICT

## Balance Sheet - Governmental Funds

June 30, 2005

	General	Debt Service	Capital Outlay	Other Governmental Funds	Total Governmental Funds
<b><u>ASSETS AND OTHER DEBITS</u></b>					
Cash and investments	\$ 422,574	\$ 1,398,409	\$ 46,603	\$ 450,428	\$ 2,318,014
Receivables:					
Taxes from County Treasurer	1,572,709	972,278	1,384,454	133,608	4,063,049
Grants	501,812	-	-	201,440	703,252
Other	48,498	-	-	44,388	92,886
Total receivables	<u>2,123,019</u>	<u>972,278</u>	<u>1,384,454</u>	<u>379,436</u>	<u>4,859,187</u>
Inventory	<u>11,344</u>	<u>-</u>	<u>-</u>	<u>10,879</u>	<u>22,223</u>
Total assets and other debits	<u>\$ 2,556,937</u>	<u>\$ 2,370,687</u>	<u>\$ 1,431,057</u>	<u>\$ 840,743</u>	<u>\$ 7,199,424</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
Liabilities:					
Accounts payable	\$ 57,119	\$ -	\$ 20,647	\$ -	\$ 77,766
Accrued salaries and benefits	917,756	-	-	-	917,756
Deferred revenue	<u>1,517,461</u>	<u>938,123</u>	<u>1,298,462</u>	<u>128,914</u>	<u>3,882,960</u>
Total liabilities	<u>2,492,336</u>	<u>938,123</u>	<u>1,319,109</u>	<u>128,914</u>	<u>4,878,482</u>
Fund equity:					
Fund balances:					
Reserved for debt service, capital outlay, and other	11,344	1,432,564	111,948	711,829	2,267,685
Unreserved fund balance	<u>53,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,257</u>
Total fund equity	<u>64,601</u>	<u>1,432,564</u>	<u>111,948</u>	<u>711,829</u>	<u>2,320,942</u>
Total liabilities and fund equity	<u>\$ 2,556,937</u>	<u>\$ 2,370,687</u>	<u>\$ 1,431,057</u>	<u>\$ 840,743</u>	<u>\$ 7,199,424</u>

**Grand County School District**  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets  
June 30, 2005

**Total Fund Balances - Governmental Funds**

\$ 2,320,942

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

10,724,261

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

(7,216,514)

**Total Net Assets - Government Activities**

\$ 5,828,689



**Grand County School District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds**  
For the Year Ended June 30, 2005

	Major Funds			Other	Total
	General	Debt Service	Capital Outlay	Governmental Funds	Governmental Funds
<b>REVENUES:</b>					
<b>Local sources</b>					
Property taxes	\$ 2,119,982	\$ 822,965	\$ 1,328,752	\$ 148,068	\$ 4,419,767
Food service sales	-	-	-	167,879	167,879
Earnings on investments	25,521	4,635	25,521	1,268	56,945
Other	379,618	-	-	1,500	381,118
<b>Total local sources</b>	<b>2,525,121</b>	<b>827,600</b>	<b>1,354,273</b>	<b>318,715</b>	<b>5,025,709</b>
<b>State sources</b>					
Grants in aid - Minimum School Programs	5,170,153	-	-	227,459	5,397,612
<b>Total state sources</b>	<b>5,170,153</b>	<b>-</b>	<b>-</b>	<b>227,459</b>	<b>5,397,612</b>
<b>Federal sources</b>					
Grants in aid	933,190	-	56,186	456,142	1,445,518
<b>Total federal sources</b>	<b>933,190</b>	<b>-</b>	<b>56,186</b>	<b>456,142</b>	<b>1,445,518</b>
<b>Total revenues</b>	<b>8,628,464</b>	<b>827,600</b>	<b>1,410,459</b>	<b>1,002,316</b>	<b>11,868,839</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries	3,773,051	-	-	-	3,773,051
Employee benefits	2,329,004	-	-	-	2,329,004
Purchased services	123,831	-	-	-	123,831
Supplies and materials	98,593	-	-	-	98,593
Other	44,712	-	-	-	44,712
<b>Total instruction</b>	<b>6,369,191</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,369,191</b>
<b>Supporting services</b>					
Students	369,401	-	-	-	369,401
Instructional staff	379,850	-	-	-	379,850
District general administration	288,961	-	-	-	288,961
School administration	591,484	-	-	-	591,484
Business	327,541	-	-	-	327,541
Operation and maintenance of facilities	722,649	-	-	-	722,649
Student transportation	380,790	-	-	-	380,790
Noninstructional services	40,571	-	-	-	40,571
Community services	-	-	-	-	-
Other	9,668	-	-	-	9,668
<b>Total supporting services</b>	<b>3,110,915</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,110,915</b>
<b>Facilities acquisition and construction services</b>					
<b>Non-K12 programs</b>	<b>-</b>	<b>-</b>	<b>1,652,763</b>	<b>-</b>	<b>1,652,763</b>
<b>Total facilities acquisition and construction services</b>	<b>-</b>	<b>-</b>	<b>1,652,763</b>	<b>-</b>	<b>1,652,763</b>
<b>Food service</b>					
Personnel services	-	-	-	167,884	167,884
Employee benefits	-	-	-	111,068	111,068
Food purchases	-	-	-	203,672	203,672
General administration	-	-	-	141,867	141,867
Supplies and other	-	-	-	36,987	36,987
<b>Total food service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>661,478</b>	<b>661,478</b>
<b>Debt service</b>					
Bond retirement	-	614,328	-	-	614,328
Interest and fiscal charges	-	338,616	-	-	338,616
<b>Total debt service</b>	<b>-</b>	<b>952,944</b>	<b>-</b>	<b>-</b>	<b>952,944</b>
<b>Total expenditures</b>	<b>9,480,106</b>	<b>952,944</b>	<b>1,652,763</b>	<b>944,955</b>	<b>13,030,768</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(851,642)</b>	<b>(125,344)</b>	<b>(242,304)</b>	<b>57,361</b>	<b>(1,161,929)</b>
<b>Other financing sources (uses):</b>					
Proceeds from sale of assets	4,097	-	-	-	4,097
Miscellaneous income	(28,285)	-	-	-	(28,285)
Operating transfers in	300,000	-	-	75,980	375,980
Operating transfers (out)	-	-	(380,000)	-	(380,000)
<b>Total other financing sources (uses)</b>	<b>275,812</b>	<b>-</b>	<b>(380,000)</b>	<b>75,980</b>	<b>(28,208)</b>
<b>Net change in fund balance</b>	<b>(575,830)</b>	<b>(125,344)</b>	<b>(622,304)</b>	<b>133,341</b>	<b>(1,190,137)</b>
Fund balance July 1, 2004	640,431	1,557,908	734,252	578,488	3,511,079
<b>Fund balance June 30, 2005</b>	<b>\$ 64,601</b>	<b>\$ 1,432,564</b>	<b>\$ 111,948</b>	<b>\$ 711,829</b>	<b>\$ 2,320,942</b>

## Grand County School District

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities are different because:

**Net Change in Fund Balances - Total Governmental Funds**

\$ (1,190,137)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

(73,706)

The liability for compensated absences is not recorded in the governmental funds, but is reported in the statement of net assets. This is the current year change in the liability, reported as an expense in the statement of activities.

(38,740)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

614,328

Some expenses (accrued interest on long-term debt) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

14,761

**Change in Net Assets of Governmental Activities**

\$ (673,494)

**GRAND COUNTY SCHOOL DISTRICT**  
Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual - General Fund  
For the Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>Revenues:</b>				
<b>Local sources:</b>				
Property taxes	\$ 2,030,302	\$ 2,030,302	\$ 2,119,982	\$ 89,680
Earnings on investments	18,725	18,725	25,521	6,796
Other	683,474	683,474	379,618	(303,856)
<b>Total local sources</b>	<u>2,732,501</u>	<u>2,732,501</u>	<u>2,525,121</u>	<u>(207,380)</u>
<b>State sources:</b>				
Grants in aid - Minimum School Programs	5,223,428	5,223,428	5,170,153	(53,275)
<b>Total state sources</b>	<u>5,223,428</u>	<u>5,223,428</u>	<u>5,170,153</u>	<u>(53,275)</u>
<b>Federal sources:</b>				
Grants in aid	1,045,677	1,045,677	933,190	(112,487)
<b>Total federal sources</b>	<u>1,045,677</u>	<u>1,045,677</u>	<u>933,190</u>	<u>(112,487)</u>
<b>Total revenues</b>	<u>9,001,606</u>	<u>9,001,606</u>	<u>8,628,464</u>	<u>(373,142)</u>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Salaries	4,031,409	4,111,209	3,773,051	338,158
Employee benefits	1,635,543	1,969,543	2,329,004	(359,461)
Purchased services	158,412	158,412	123,831	34,581
Supplies and materials	136,490	136,490	98,593	37,897
Other	53,036	53,036	44,712	8,324
<b>Total instruction</b>	<u>6,014,890</u>	<u>6,428,690</u>	<u>6,369,191</u>	<u>59,499</u>
<b>Supporting services:</b>				
Students	371,546	371,546	369,401	2,145
Instructional staff	238,718	411,218	379,850	31,368
District general administration	269,112	287,412	288,961	(1,549)
School administration	573,371	585,871	591,484	(5,613)
Business	288,876	311,976	327,541	(15,565)
Operation and maintenance of facilities	682,028	704,728	722,649	(17,921)
Student transportation	396,345	414,245	380,790	33,455
Noninstructional services	41,650	41,650	40,571	1,079
Community service	-	-	-	-
Other	11,883	11,883	9,668	2,215
<b>Total supporting services</b>	<u>2,873,529</u>	<u>3,140,529</u>	<u>3,110,915</u>	<u>29,614</u>
<b>Total expenditures</b>	<u>8,888,419</u>	<u>9,569,219</u>	<u>9,480,106</u>	<u>89,113</u>
<b>Excess of revenues over (under) expenditures</b>	<u>113,187</u>	<u>(567,613)</u>	<u>(851,642)</u>	<u>(284,029)</u>
<b>Other financing sources (uses):</b>				
Proceeds from sale of assets	7,000	7,000	4,097	(2,903)
Miscellaneous income	44,460	44,460	(28,285)	(72,745)
Operating transfers in	-	-	300,000	300,000
Operating transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>51,460</u>	<u>51,460</u>	<u>275,812</u>	<u>224,352</u>
<b>Net change in fund balance</b>	<u>164,647</u>	<u>(516,153)</u>	<u>(575,830)</u>	<u>(59,677)</u>
<b>Fund balance July 1, 2004</b>	<u>640,431</u>	<u>640,431</u>	<u>640,431</u>	<u>-</u>
<b>Fund balance June 30, 2005</b>	<u>\$ 805,078</u>	<u>\$ 124,278</u>	<u>\$ 64,601</u>	<u>\$ (59,677)</u>

# GRAND COUNTY SCHOOL DISTRICT

Statement of Fiduciary Net Assets  
June 30, 2005

	Private Purpose Trust
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ -
Investments	-
Receivables:	
Accounts receivable	-
Due from other funds	-
Total receivables	-
<b>Total assets</b>	<b>\$ -</b>
<b><u>LIABILITIES</u></b>	
Accounts payable	\$ -
Due to other funds	-
<b>Total liabilities</b>	<b>-</b>
<b><u>NET ASSETS</u></b>	
<b>Held in trust for scholarship benefits</b>	<b>\$ -</b>

**Grand County School District**  
Statement of Changes in Fiduciary Net Assets  
For the Year Ended June 30, 2005

	<u>Private Purpose Trust</u>
<b>Additions:</b>	
Earnings on investments	\$ -
Other	<u>4,020</u>
<b>Total additions</b>	<u>4,020</u>
<b>Deductions:</b>	
Benefits	4,000
Other	<u>20</u>
<b>Total deductions</b>	<u>4,020</u>
<b>Net increase (decrease)</b>	-
Net assets July 1, 2004	<u>-</u>
<b>Net assets June 30, 2005</b>	<u><u>\$ -</u></u>

**GRAND COUNTY SCHOOL DISTRICT**  
Notes to Financial Statements

**1. BUSINESS ACTIVITY**

Grand County School District (the District), which encompasses the entire area of Grand County, Utah (the County), operates one high school, one intermediate school, one middle school and one elementary school. The largest city in the District is Moab.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the District is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District officials who are responsible for their integrity and objectivity. The accounting policies of the District conform to generally accepted government accounting principles as applicable to governments and have been consistently applied in the preparation of the financial statements.

**Reporting Entity**

The Board of Education, comprised of five elected individuals, is the primary governing authority for the District. The District is not a component unit of any other primary government, and the District does not have any component units.

**Government-Wide and Fund Financial Statements**

The *government-wide financial statements* (the statement of net assets and the statement of activities) display information about the primary government (the District). These statements include the financial activities of the overall government, except the fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Depreciation expense for capital assets that can specifically be identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets (for example, a school building is used primarily for instructional, school administration, operation and maintenance of facilities, and school lunch services) are ratably included in the direct expenses of the appropriate functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line.

Program revenues include 1) fees and charges paid by students and other recipients of goods or services offered by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

The *fund financial statements* provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *special revenue fund* is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The District has two special revenue funds: The Food Service program for the District's students and the Non K-12 Fund for school programs.

The *debt service fund* accounts for resources accumulated and payments made for principal and interest on general obligation bonds.

The *capital projects fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District. The District has two capital projects funds: The Capital Outlay Fund and the Building Reserve Fund.

The *permanent scholarship fund* accounts for transactions, assets, liabilities, and fund equity of the scholarship fund. This fund was created by a donation from Rim Rock Roadrunners to fund scholarships. The fund's principal is nonexpendable, whereas up to 75% of the earnings on the principal are used to increase the fund's principal to support scholarship awards to deserving students.

# GRAND COUNTY SCHOOL DISTRICT

## Notes to Financial Statements (continued)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Additionally, the District reports the following fund type:

Private Purpose Trust Fund - The private purpose trust fund accounts for assets received and expended, for scholarships, by the District as trustee.

Agency Fund - The agency fund accounts for assets received and liabilities paid for student activities, by the District as trustee.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The *government-wide and fiduciary fund financial statements* are reported using the economic resources measurement focus. The government-wide statements are reported using the the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District receives value without directly giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental fund financial statements* are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the District receives cash. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long term debt and acquisitions under capital leases are reported as other financing sources.

#### Budget and Budgetary Accounting

Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted or as amended by the Board of Education.

#### Cash and Cash Equivalents, and Investments

The District considers all cash on hand and in banks, and all highly liquid investments with a maturity of three months or less, to be cash equivalents. Investments are stated at market value, which approximates cost.

# GRAND COUNTY SCHOOL DISTRICT

## Notes to Financial Statements (continued)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements	20
Equipment and Furniture	7
Vehicles	5

#### Property Taxes

The Grand County Treasurer acts as an agent for the District in collecting and distributing property tax revenues. Utah statutes establish the process by which taxes are levied and collected. The County Assessor is required to assess real property as of January 1 and complete the valuation by May 15. By June 21, the County Treasurer mails property tax notices to the owners. Between August 1 and August 15, a property owner may petition the County Board of Equalization for an adjustment. The County Auditor approves all changes by November 1, at which date the completed assessments are to be delivered to the County Treasurer. Property tax notices with a due date of November 30 are mailed to property owners. Delinquent taxes are subject to a 2% penalty. If the taxes are not paid by January 15 of the following year, they are subject to an interest charge equal to the federal discount rate. If the taxes remain delinquent by May of the fifth year, the County will advertise and sell the property at a tax sale.

The budgeting and accounting for property taxes are handled on a modified accrual basis, with appropriate recognition of property taxes receivable at year-end. The District has recorded a property tax receivable for the delinquent property taxes due as of year-end and for the taxes assessed January 1. The District has recorded a corresponding property tax deferral for taxes assessed January 1 but not due and collectible within sixty days of the end of the fiscal year.



# **GRAND COUNTY SCHOOL DISTRICT**

## **Notes to Financial Statements (continued)**

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Inventories**

Inventories are accounted for on the consumption method and consist of various school, custodial, and maintenance supplies that are accounted for in the Maintenance and Operation Fund. Various food items are accounted for in the Food Service Fund. The Food Service Fund inventory excludes the fair market value of unused commodities donated to the District by the USDA. Inventories reported in the governmental funds are equally offset by a reservation of fund balance, indicating that they do not constitute "available spendable resources" even though they are a component of total assets.

#### **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets.

#### **Management Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### **Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

#### **Comparative Data**

Comparative data for the prior year has been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

### **3. CASH AND CASH EQUIVALENTS**

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

Grand School District follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of the District's funds in a qualified depository. The Act defines qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and that has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

# GRAND COUNTY SCHOOL DISTRICT

## Notes to Financial Statements (continued)

### 3. CASH AND CASH EQUIVALENTS (continued)

#### Deposits

##### *Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. At June 30, 2005, \$0 of the District's bank balances was uninsured and uncollateralized. The market value is equivalent to the below stated carrying amount.

At June 30, 2005, the District's bank balance, which includes pooled-cash amounts belonging to all District funds, is reflected on the books of account as follows:

Bank account balance	\$ 60,856
Deposits in transit	191,618
Outstanding checks	<u>(107,465)</u>
Carrying amount at June 30, 2005	<u>\$ 145,009</u>

On May 15, 2002, the District received \$35,000 from the Rim Rock Roadrunners, with the stipulation that up to 75% of the interest earned be awarded annually, in the form of a scholarship, to one male and one female who are members of the Grand County School District track and field team. The maximum amount of the scholarships shall be \$1,000 each. If there are available funds over the scholarship amounts, the funds can be used to purchase track and field equipment for the District. On June 30, 2005, the permanent fund's balance restricted for scholarships was \$34,005, and the private purpose trust fund's balance was \$0.

### 4. INVESTMENTS

The Money Management Act defines the types of securities authorized as appropriate investments for the District and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard and Poor's; bankers' acceptances; obligations of the U.S. Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund. All investments held by the District at June 30, 2005 comply with the provisions of the Act.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on

# GRAND COUNTY SCHOOL DISTRICT

Notes to Financial Statements (continued)

## 4. INVESTMENTS (continued)

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses - net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

As of June 30, 2005, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Government securities	\$ 643,566	\$ 643,566			
State of Utah Public Treasurer's Investment Fund	\$ 1,529,439	\$ 1,529,439			
Total investments	\$ 2,173,005	\$ 2,173,005			

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years.

### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed.

As of June 30, 2005, the District had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
Government securities	\$ 643,566	\$ 643,566		\$	
State of Utah Public Treasurer's Investment Fund	\$ 1,529,439	\$ -		\$ 1,529,439	
Total investments	\$ 2,173,005	\$ 643,566		\$ 1,529,439	

Deposits and investments, as described above, appear in the balance sheet as follows:

Carrying amount of deposits	\$ 145,009
Carrying amount of investments	2,173,005
Total cash and investments	\$ 2,318,014

# GRAND COUNTY SCHOOL DISTRICT

Notes to Financial Statements (continued)

## 5. CAPITAL ASSETS

Changes in capital assets for the fiscal year ended June 30, 2005 are shown in the following tabulation.

	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 740,658	\$ -	\$ -	\$ 740,658
Capital assets, being depreciated:				
Buildings	12,671,436	-	-	12,671,436
Improvements	2,588,577	179,309	-	2,767,886
Equipment and furniture	389,134	156,344	-	545,479
Vehicles	1,129,146	154,675	(287,566)	996,255
Total capital assets, being depreciated	16,778,294	490,328	(287,566)	16,981,056
Accumulated depreciation for:				
Buildings	4,802,691	270,896	-	5,073,587
Improvements	738,209	164,630	-	902,839
Equipment and furniture	292,712	62,973	-	355,686
Vehicles	887,849	65,058	(287,566)	665,341
Total accumulated depreciation	6,721,461	563,558	(287,566)	6,997,453
Total capital assets, being depreciated, net	10,056,833	(73,230)	-	9,983,603
Governmental activities capital assets, net	\$ 10,797,491	\$ (73,230)	\$ -	\$ 10,724,261

For the year ended June 30, 2005, depreciation expense was charged to functions of the District as follows:

<b>Governmental activities:</b>	
Instructional services	\$ 372,410
Supporting services:	
Students	21,599
Instructional staff	22,210
District general administration	16,896
School administration	34,584
Business	19,151
Operation and maintenance of facilities	42,254
Student transportation	22,265
Noninstructional services	2,372
Community services	-
Food service	9,816
Total depreciation expense, governmental activities	\$ 563,558

# GRAND COUNTY SCHOOL DISTRICT

## Notes to Financial Statements (continued)

### 6. ACCRUED PAYROLL

Teaching personnel are paid on contracts that provide monthly payments throughout the year, even though school is not in session during the summer months. Accrued payroll represents payments for teachers that are distributed during July and August, but are for services performed for the year ended June 30, 2005. The total accrued payroll amounted to \$658,167 at June 30, 2005, and the total accrued benefits and other liabilities amounted to \$259,589 at June 30, 2005.

### 7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined with other public entities in a common risk management and insurance program operated by the State of Utah Division of Risk Management. The District pays premiums to this risk pool, the Utah State Risk Management Fund, for its general insurance coverage. The pool is self sustaining through member premiums and reinsures through commercial companies for claims in excess of specified amounts for certain types of risks. The District is subject to a minimal deductible for claims of the risk pool. The District has purchased commercial insurance for other risks of loss including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five fiscal years.

### 8. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2005 is as follows:

	Balance June 30, 2004	Additions	Reductions	Balance June 30, 2005	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable	\$ 7,290,000	\$ -	\$ 465,000	\$ 6,825,000	\$ 485,000
Leases payable	277,441	-	149,328	128,113	128,113
Total governmental long-term liabilities	<u>\$ 7,567,441</u>	<u>\$ -</u>	<u>\$ 614,328</u>	<u>\$ 6,953,113</u>	<u>\$ 613,113</u>

#### General Obligation Bonds:

Changes in general obligation bonds for the year ended June 30, 2005 are summarized as follows:

Issue Date	Bonds Payable at June 30, 2004	Issued During Year	Retired During Year	Bonds Payable at June 30, 2005
July 1, 1995	\$ 880,000	\$ -	\$ 430,000	\$ 450,000
July 1, 1998	6,410,000	-	35,000	6,375,000
	<u>\$ 7,290,000</u>	<u>\$ -</u>	<u>\$ 465,000</u>	<u>\$ 6,825,000</u>

# GRAND COUNTY SCHOOL DISTRICT

## Notes to Financial Statements (continued)

### 8. LONG-TERM DEBT (continued)

Bonds and notes payable at June 30, 2005 are composed of the following:

1995 General obligation school building bonds due in annual installments of \$467,530 to \$472,500, including interest, through July 1, 2005; interest from 5.9% to 8.0%	\$ 450,000
1998 General obligation refunding bonds due in annual installments of \$331,566 to \$806,190, including interest, through July 15, 2015; interest from 5.20% to 5.90%	<u>6,375,000</u>
	<u>\$ 6,825,000</u>

The annual requirements to amortize all bonds and notes payable outstanding as of June 30, 2005 are as follows:

Year Ending June 30,	Bond Principal	Bond Interest	Total
2006	\$ 485,000	\$ 326,966	\$ 811,966
2007	515,000	281,085	796,085
2008	535,000	256,276	791,276
2009	560,000	231,250	791,250
2010	590,000	205,803	795,803
Other years	4,140,000	606,613	4,746,613
Total	<u>\$ 6,825,000</u>	<u>\$ 1,907,993</u>	<u>\$ 8,732,993</u>

#### Leases Payable:

Changes in leases payable for the year ended June 30, 2005 are summarized as follows:

Issue Date	Leases Payable at June 30, 2004	Issued During Year	Retired During Year	Leases Payable at June 30, 2005
December 27, 2001	\$ 26,055	\$ -	\$ 26,055	\$ -
July 29, 2002	149,628	-	73,293	76,335
July 29, 2002	101,758	-	49,979	51,778
	<u>\$ 277,441</u>	<u>\$ -</u>	<u>\$ 149,328</u>	<u>\$ 128,113</u>

Leases payable at June 30, 2005 are composed of the following:

2001 Zion's Bank fitness equipment lease purchase payable due in monthly installments of \$4,393.71, including interest, through December 27, 2004; interest at 4.00%.

# GRAND COUNTY SCHOOL DISTRICT

## Notes to Financial Statements (continued)

### 8. LONG-TERM DEBT (continued)

2002 Wells Fargo Bank School Bus/Computer Equipment/Suburban lease purchase payable due in yearly installments of \$79,502.48, including interest, through July 29, 2005; interest at 4.15%.

76,335

2002 Wells Fargo Bank A/C cooling equipment lease purchase payable due in yearly installments of \$53,642.43, including interest, through January 31, 2006; interest at 3.6%.

51,778

\$ 128,113

The annual requirements to amortize all leases payable outstanding as of June 30, 2005 are as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 128,113	\$ 5,032	\$ 133,145
Total	\$ 128,113	\$ 5,032	\$ 133,145

### 9. DEFEASED DEBT

In prior years, the District defeased part of its General Obligation Bonds Series 1995, by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on part of the G.O.B. Series 1995 bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. As of June 30, 2005, the District had \$6,110,000 of defeased bonds outstanding.

### 10. COMPENSATED ABSENCES

Upon retirement, an employee shall be paid in a lump sum 25% of their current hourly rate of pay times the number of personally accrued unused sick leave hours. Also, vacation leave is paid to certain year-round District employees. At June 30, 2005, employees had accrued \$101,997 of compensated absences.

### 11. INTERFUND BALANCES AND ACTIVITY

During the year ended June 30, 2005, the capital outlay fund transferred \$300,000 to the general fund and \$80,000 to the food service fund to reallocate operational pooled-cash.

### 12. PENSION PLANS

The District contributes to the State and School Contributory Retirement System and State and School Noncontributory Retirement System, cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems. Utah Retirement Systems provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor.

# GRAND COUNTY SCHOOL DISTRICT

Notes to Financial Statements (continued)

## 12. PENSION PLANS (continued)

The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the State and School Contributory Retirement Systems and State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

The District is legally obligated to contribute to the retirement systems as long as they have employees meeting membership requirements. The contribution rates in effect for the period above are as follows calculated on the applicable salary for the eligible employees. The member contributions may be deducted from the member or paid by the employer in behalf of the member. For the year ended June 30, 2004, the contribution rates are the actuarial determined rates as follows:

Utah Retirement System	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
State and School - Contributory	1.000%	5.000%	8.890%
State and School - Noncontributory	N/A	N/A	13.380%

The District has no liability beyond the amount of its annual contributions. All contributions by the District were made by the due dates. Contributions for the years ended June 30, 2003, to June 30, 2005, are as follows:

System	Year	Employee paid Contrib.	Employer paid for Employee Contrib.	Employer Contrib.	Salary subject to Employee Contrib.
State and School - Contributory	2005	156	778	1,383	15,562
	2004	146	732	1,055	14,635
	2003	184	921	1,089	18,420
State and School - Noncontributory	2005	N/A	N/A	797,062	5,957,118
	2004	N/A	N/A	652,072	5,573,266
	2003	N/A	N/A	631,182	6,069,048
Contribution System: 401(k) Plan	2005	156,129	93,994	N/A	N/A
	2004	134,985	92,462	N/A	N/A
	2003	151,152	99,059	N/A	N/A



**GRAND COUNTY SCHOOL DISTRICT**  
Combining Balance Sheet - Nonmajor Governmental Funds  
June 30, 2005

Special Revenue Funds

	<u>Food Service Fund</u>	<u>Non K-12 Programs Fund</u>	<u>Building Reserve</u>	<u>Permanent Scholarship</u>	<u>Total Nonmajor Governmental Funds</u>
<b><u>ASSETS</u></b>					
Cash and investments	\$ 5,767	\$ 60,656	\$ 350,000	\$ 34,005	\$ 450,428
Taxes receivable	-	133,608	-	-	133,608
Grants receivable	201,440	-	-	-	201,440
Other receivable	10,860	33,528	-	-	44,388
Inventory	10,879	-	-	-	10,879
<b>Total assets</b>	<u>\$ 228,946</u>	<u>\$ 227,792</u>	<u>\$ 350,000</u>	<u>\$ 34,005</u>	<u>\$ 840,743</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries and liabilities	-	-	-	-	-
Deferred revenue	-	128,914	-	-	128,914
<b>Total liabilities</b>	<u>-</u>	<u>128,914</u>	<u>-</u>	<u>-</u>	<u>128,914</u>
<b>Fund balance:</b>					
Reserved for inventory	10,879	-	-	-	10,879
Reserved for future expenditures	218,067	98,878	350,000	34,005	700,950
<b>Total fund balance</b>	<u>228,946</u>	<u>98,878</u>	<u>350,000</u>	<u>34,005</u>	<u>711,829</u>
<b>Total liabilities and fund balance</b>	<u>\$ 228,946</u>	<u>\$ 227,792</u>	<u>\$ 350,000</u>	<u>\$ 34,005</u>	<u>\$ 840,743</u>

**GRAND COUNTY SCHOOL DISTRICT**  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Nonmajor Governmental Funds  
For the Year Ended June 30, 2005

	<u>Special Revenue Funds</u>				<u>Total Nonmajor Governmental Funds</u>
	<u>Food Service Fund</u>	<u>Non K-12 Programs Fund</u>	<u>Building Reserve</u>	<u>Permanent Scholarship</u>	
<b>Revenues:</b>					
Taxes	\$ -	\$ 148,068	\$ -	\$ -	\$ 148,068
Food service sales	167,879	-	-	-	167,879
Earnings on investments	-	656	-	612	1,268
State - grants in aid	57,379	170,080	-	-	227,459
Federal - grants in aid	456,142	-	-	-	456,142
Other	-	-	-	1,500	1,500
<b>Total revenues</b>	<u>681,400</u>	<u>318,804</u>	<u>-</u>	<u>2,112</u>	<u>1,002,316</u>
<b>Expenditures:</b>					
Personnel services	167,884	180,193	-	-	348,077
Employee benefits	111,068	90,461	-	-	201,529
Purchased services	-	-	-	-	-
Food purchases	203,672	-	-	-	203,672
Students	-	-	-	-	-
General administration	141,867	-	-	-	141,867
Community services	-	-	-	-	-
Supplies and other	36,987	12,823	-	-	49,810
Facilities acquisition and construction services	-	-	-	-	-
<b>Total expenditures</b>	<u>661,478</u>	<u>283,477</u>	<u>-</u>	<u>-</u>	<u>944,955</u>
<b>Excess of revenues over (under) expenditures</b>	<u>19,922</u>	<u>35,327</u>	<u>-</u>	<u>2,112</u>	<u>57,361</u>
<b>Other financing sources (uses):</b>					
Operating transfers in (out)	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>(4,020)</u>	<u>75,980</u>
<b>Total other financing sources (uses)</b>	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>(4,020)</u>	<u>75,980</u>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<u>99,922</u>	<u>35,327</u>	<u>-</u>	<u>(1,908)</u>	<u>133,341</u>
Fund balance July 1, 2004	<u>129,024</u>	<u>63,551</u>	<u>350,000</u>	<u>35,913</u>	<u>578,488</u>
<b>Fund balance June 30, 2005</b>	<u>\$ 228,946</u>	<u>\$ 98,878</u>	<u>\$ 350,000</u>	<u>\$ 34,005</u>	<u>\$ 711,829</u>

# **GRAND COUNTY SCHOOL DISTRICT**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual - Special Revenue Fund  
For the Year Ended June 30, 2005

	Food Service			Non K-12 Programs			Totals		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>									
Taxes	\$ -	\$ -	\$ -	\$ 144,490	\$ 148,068	\$ 3,578	\$ 144,490	\$ 148,068	\$ 3,578
Food service sales	165,310	167,879	2,569	-	-	-	165,310	167,879	2,569
Earnings on investments	-	-	-	-	656	656	-	656	656
State - grants in aid	49,560	57,379	7,819	229,314	170,080	(59,234)	278,874	227,459	(51,415)
Federal - grants in aid	288,905	456,142	167,237	-	-	-	288,905	456,142	167,237
<b>Total revenues</b>	<b>503,775</b>	<b>681,400</b>	<b>177,625</b>	<b>373,804</b>	<b>318,804</b>	<b>(55,000)</b>	<b>877,579</b>	<b>1,000,204</b>	<b>122,625</b>
<b>Expenditures:</b>									
Personnel services	165,028	167,884	(2,856)	194,856	180,193	14,663	359,884	348,077	11,807
Employee benefits	112,265	111,068	1,197	109,841	90,461	19,380	222,106	201,529	20,577
Purchased services	-	-	-	-	-	-	-	-	-
Food purchases	205,000	203,672	1,328	-	-	-	205,000	203,672	1,328
Students	-	-	-	-	-	-	-	-	-
General administration	142,000	141,867	133	-	-	-	142,000	141,867	133
Community services	-	-	-	-	-	-	-	-	-
Supplies and other	37,800	36,987	813	7,150	12,823	(5,673)	44,950	49,810	(4,860)
<b>Total expenditures</b>	<b>662,093</b>	<b>661,478</b>	<b>615</b>	<b>311,847</b>	<b>283,477</b>	<b>28,370</b>	<b>973,940</b>	<b>944,955</b>	<b>28,985</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(158,318)</b>	<b>19,922</b>	<b>178,240</b>	<b>61,957</b>	<b>35,327</b>	<b>(26,630)</b>	<b>(96,361)</b>	<b>55,249</b>	<b>151,610</b>
<b>Other financing sources (uses):</b>									
Operating transfers in	-	80,000	80,000	-	-	-	-	80,000	80,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>80,000</b>	<b>80,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80,000</b>	<b>80,000</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>(158,318)</b>	<b>99,922</b>	<b>258,240</b>	<b>61,957</b>	<b>35,327</b>	<b>(26,630)</b>	<b>(96,361)</b>	<b>135,249</b>	<b>231,610</b>
Fund balance July 1, 2004	129,024	129,024	-	63,551	63,551	-	192,575	192,575	-
<b>Fund balance June 30, 2005</b>	<b>\$ (29,294)</b>	<b>\$ 228,946</b>	<b>\$ 258,240</b>	<b>\$ 125,508</b>	<b>\$ 98,878</b>	<b>\$ (26,630)</b>	<b>\$ 96,214</b>	<b>\$ 327,824</b>	<b>\$ 231,610</b>

# GRAND COUNTY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual - Capital Projects Fund  
For the Year Ended June 30, 2005

	Capital Outlay			Building Reserve			Totals		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>									
Taxes	\$ 1,255,674	\$ 1,328,752	\$ 73,078	\$ -	\$ -	\$ -	\$ 1,255,674	\$ 1,328,752	\$ 73,078
Earnings on Investments	23,150	25,521	2,371	-	-	-	23,150	25,521	2,371
Federal - grants in aid	-	56,186	56,186	-	-	-	-	56,186	56,186
Other	46,854	-	(46,854)	-	-	-	46,854	-	(46,854)
<b>Total revenues</b>	<u>1,325,678</u>	<u>1,410,459</u>	<u>84,781</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,325,678</u>	<u>1,410,459</u>	<u>84,781</u>
<b>Expenditures:</b>									
Facilities acquisition and construction services	1,668,320	1,652,763	15,557	-	-	-	1,668,320	1,652,763	15,557
<b>Total expenditures</b>	<u>1,668,320</u>	<u>1,652,763</u>	<u>15,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,668,320</u>	<u>1,652,763</u>	<u>15,557</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(342,642)</u>	<u>(242,304)</u>	<u>100,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(342,642)</u>	<u>(242,304)</u>	<u>100,338</u>
<b>Other financing sources (uses):</b>									
Operating transfers in (out)	-	(380,000)	(380,000)	-	-	-	-	(380,000)	(380,000)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(380,000)</u>	<u>(380,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(380,000)</u>	<u>(380,000)</u>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<u>(342,642)</u>	<u>(622,304)</u>	<u>(279,662)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(342,642)</u>	<u>(622,304)</u>	<u>(279,662)</u>
Fund balance July 1, 2004	734,252	734,252	-	350,000	350,000	-	1,084,252	1,084,252	-
<b>Fund balance June 30, 2005</b>	<u>\$ 391,610</u>	<u>\$ 111,948</u>	<u>\$ (279,662)</u>	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ 741,610</u>	<u>\$ 461,948</u>	<u>\$ (279,662)</u>

**GRAND COUNTY SCHOOL DISTRICT**  
Combining Statement of Changes in Assets and Liabilities  
All Agency Funds  
June 30, 2005

	Balance June 30, 2004	Additions	Deductions	Balance June 30, 2005
<b><u>PRINCIPAL'S ACCOUNT FUND</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 43,165	\$ 22,478	\$ -	\$ 65,643
<b>Liabilities:</b>				
Due principal's account	\$ 43,165	\$ 22,478	\$ -	\$ 65,643
<b><u>STUDENT ACTIVITY FUND</u></b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
<b>Liabilities:</b>				
Due student organizations	\$ -	\$ -	\$ -	\$ -
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 43,165	\$ 22,478	\$ -	\$ 65,643
<b>Liabilities:</b>				
Due principal's account	\$ 43,165	\$ 22,478	\$ -	\$ 65,643
Due student organizations	-	-	-	-
<b>Total liabilities</b>	<b>\$ 43,165</b>	<b>\$ 22,478</b>	<b>\$ -</b>	<b>\$ 65,643</b>

**GRAND COUNTY SCHOOL DISTRICT**

Schedule of Balance Sheets

All School Agency Funds

June 30, 2005

	<u>Redrock Elementary School</u>	<u>HMK Intermediate School</u>	<u>Grand County Middle School</u>	<u>Grand County High School</u>	<u>Totals June 30</u>
<b><u>ASSETS</u></b>					
Cash and investments	\$ 4,527	\$ 20,667	\$ 16,788	\$ 23,661	\$ 65,643
<b>Total assets</b>	<b>\$ 4,527</b>	<b>\$ 20,667</b>	<b>\$ 16,788</b>	<b>\$ 23,661</b>	<b>\$ 65,643</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities:</b>					
<b>Total liabilities</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Fund balance:</b>					
Principal's account	4,527	20,667	16,788	23,661	65,643
Student organizations	-	-	-	-	-
<b>Total fund balances</b>	<b>4,527</b>	<b>20,667</b>	<b>16,788</b>	<b>23,661</b>	<b>65,643</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,527</b>	<b>\$ 20,667</b>	<b>\$ 16,788</b>	<b>\$ 23,661</b>	<b>\$ 65,643</b>

**GRAND COUNTY SCHOOL DISTRICT**  
General Fund Schedule of Detailed Operating Expenditures  
Compared with Budget  
For the Year Ended June 30, 2005

	Budget	Actual	Variance - Favorable (Unfavorable)
<b><u>INSTRUCTION</u></b>			
Salaries	\$ 4,111,209	\$ 3,773,051	\$ 338,158
Employee benefits	1,969,543	2,329,004	(359,461)
Purchased services	158,412	123,831	34,581
Supplies and materials	136,490	98,593	37,897
Other	53,036	44,712	8,324
<b>Total instruction</b>	<b>6,428,690</b>	<b>6,369,191</b>	<b>59,499</b>
<b><u>SUPPORTING SERVICES</u></b>			
<b>Students:</b>			
Salaries	213,298	221,615	(8,317)
Employee benefits	87,075	99,488	(12,413)
Purchased services	9,100	7,831	1,269
Supplies and materials	5,351	3,519	1,832
Other	56,722	36,948	19,774
<b>Total students</b>	<b>371,546</b>	<b>369,401</b>	<b>2,145</b>
<b>Instructional staff:</b>			
Salaries	263,499	261,497	2,002
Employee benefits	78,337	77,174	1,163
Purchased services	26,570	14,284	12,286
Supplies and materials	42,812	26,895	15,917
<b>Total instructional staff</b>	<b>411,218</b>	<b>379,850</b>	<b>31,368</b>
<b>District general administration:</b>			
Salaries; Board, Supt.	146,902	156,641	(9,739)
Employee benefits	95,110	82,330	12,780
Travel	14,800	8,714	6,086
Purchased services	30,000	39,624	(9,624)
Supplies and materials	600	881	(281)
Other	-	771	(771)
<b>Total general administration</b>	<b>287,412</b>	<b>288,961</b>	<b>(1,549)</b>
<b>School administration:</b>			
Salaries; Principals, and Sec.	406,390	412,841	(6,451)
Employee benefits	173,531	173,022	509
Travel	2,100	1,126	974
Other	3,850	4,495	(645)
<b>Total school administration</b>	<b>585,871</b>	<b>591,484</b>	<b>(5,613)</b>
<b>Business:</b>			
Salaries	139,233	156,906	(17,673)
Employee benefits	121,583	131,293	(9,710)
Purchased services	17,600	15,205	2,395
Travel	4,500	5,566	(1,066)
Supplies and materials	1,000	487	513
Other	28,060	18,084	9,976
<b>Total business</b>	<b>311,976</b>	<b>327,541</b>	<b>(15,565)</b>

# GRAND COUNTY SCHOOL DISTRICT

General Fund Schedule of Detailed Operating Expenditures  
Compared with Budget - continued  
For the Year Ended June 30, 2005

	Budget	Actual	Variance - Favorable (Unfavorable)
<b>Operation and maintenance of plant:</b>			
Salaries	374,196	380,389	(6,193)
Employee benefits	163,545	168,943	(5,398)
Purchased services	47,100	43,737	3,363
Travel	600	329	271
Supplies and materials	45,000	49,850	(4,850)
Insurance	17,287	20,182	(2,895)
Other	57,000	59,219	(2,219)
<b>Total operation and maintenance</b>	<b>704,728</b>	<b>722,649</b>	<b>(17,921)</b>
<b>Student transportation:</b>			
Salaries	237,005	199,072	37,933
Employee benefits	101,240	106,359	(5,119)
Travel	500	378	122
Supplies and materials	55,750	61,120	(5,370)
Insurance	2,700	2,765	(65)
Other	17,050	11,096	5,954
<b>Total student transportation</b>	<b>414,245</b>	<b>380,790</b>	<b>33,455</b>
<b>Noninstructional services:</b>			
Salaries	3,409	3,917	(508)
Employee benefits	991	1,317	(326)
Supplies and materials	250	32	218
Property	37,000	35,305	1,695
Media	-	-	-
<b>Total noninstructional services</b>	<b>41,650</b>	<b>40,571</b>	<b>1,079</b>
<b>Community services:</b>			
Other	-	-	-
Media	-	-	-
<b>Total community services</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other supporting services:</b>			
Media consortium	-	-	-
Central support services	11,700	9,668	2,032
Other	183	-	183
<b>Total other supporting services</b>	<b>11,883</b>	<b>9,668</b>	<b>2,215</b>
<b>Total supporting services</b>	<b>3,140,529</b>	<b>3,110,915</b>	<b>29,614</b>
<b>Total general fund operating expenditures</b>	<b>\$ 9,569,219</b>	<b>\$ 9,480,106</b>	<b>\$ 89,113</b>



**Grand County School District**  
Schedule of General Fund Statistical Summary  
Revenues, Expenditures, and Changes in Fund Balances  
Ten-Year Comparison

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>REVENUES</b>					
Local revenue	\$ 2,500,933	\$ 2,267,208	\$ 1,930,945	\$ 1,759,477	\$ 1,681,066
State revenue	5,170,153	5,241,932	5,084,751	5,530,575	5,407,531
Federal revenue	933,190	689,600	781,385	705,083	515,865
<b>Total Revenues</b>	<u>8,604,276</u>	<u>8,198,740</u>	<u>7,797,081</u>	<u>7,995,135</u>	<u>7,605,062</u>
<b>EXPENDITURES</b>					
Instruction & administrative	6,369,191	5,404,589	4,977,275	5,374,962	5,430,865
Support services	3,110,915	2,800,435	3,032,272	2,642,373	2,710,540
Non-educational services	-	-	-	-	-
<b>Total Expenditures</b>	<u>9,480,106</u>	<u>8,205,024</u>	<u>8,009,547</u>	<u>8,017,335</u>	<u>8,141,405</u>
<b>NET REVENUES (DEFICIT)</b>	(875,830)	(6,284)	(212,466)	(22,200)	(536,343)
Due from (to) other funds	300,000	(5,000)	335,000	-	(26,441)
<b>Fund Balance, Beginning of Year</b>	<u>640,431</u>	<u>651,715</u>	<u>529,181</u>	<u>551,381</u>	<u>1,114,165</u>
<b>Fund Balance, End of Year</b>	<u>\$ 64,601</u>	<u>\$ 640,431</u>	<u>\$ 651,715</u>	<u>\$ 529,181</u>	<u>\$ 551,381</u>

**Grand County School District**  
Schedule of General Fund Statistical Summary  
Revenues, Expenditures, and Changes in Fund Balances  
Ten-Year Comparison (continued)

	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
<b>REVENUES</b>					
Local revenue	\$ 1,712,716	\$ 2,010,014	\$ 1,681,385	\$ 1,474,840	\$ 1,657,954
State revenue	5,183,439	4,510,704	4,826,645	4,671,170	4,030,661
Federal revenue	<u>439,824</u>	<u>262,824</u>	<u>269,797</u>	<u>256,576</u>	<u>260,096</u>
<b>Total Revenues</b>	<u>7,335,979</u>	<u>6,783,542</u>	<u>6,777,827</u>	<u>6,402,586</u>	<u>5,948,711</u>
<b>EXPENDITURES</b>					
Instruction & administrative	4,797,103	4,639,802	4,324,603	4,146,537	3,777,180
Support services	2,512,731	2,607,717	2,733,775	2,052,289	1,883,058
Non-educational services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,479</u>
<b>Total Expenditures</b>	<u>7,309,834</u>	<u>7,247,519</u>	<u>7,058,378</u>	<u>6,198,826</u>	<u>5,674,717</u>
<b>NET REVENUES (DEFICIT)</b>	26,145	(463,977)	(280,551)	203,760	273,994
Due from (to) other funds	-	-	440,000	350,000	130,000
<b>Fund Balance, Beginning of Year</b>	<u>1,088,020</u>	<u>1,551,997</u>	<u>1,392,548</u>	<u>838,788</u>	<u>434,794</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,114,165</u>	<u>\$ 1,088,020</u>	<u>\$ 1,551,997</u>	<u>\$ 1,392,548</u>	<u>\$ 838,788</u>

**GRAND COUNTY SCHOOL DISTRICT**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2005

<u>Federal Grantor / Pass Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Thru Grantor's Number</u>	<u>Expenditures</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Passed Through Utah State Office of Education:			
Title I Grants to Local Educational Agencies (LEA's)	84.010		\$ 294,631
*Special Education - Grants to States (IDEA, Part B)	84.027		308,152
Vocational Education-Basic Grants to States-Carl D. Perkins	84.048		43,418
Technology Literacy Challenge (TLC)			9,586
*Special Education - Pre School Grants	84.173		33,528
Safe and Drug-Free Schools and Communities	84.186		10,390
Title VI Family Involvement			8,535
Core Assessment			7,748
Fund for the Improvement of Education (FIE Grant)	84.215		15,703
Rural Education	84.358		45,053
English Language Acquisition Grants	84.365		7,941
Title II Part A - Teacher and Principal Training	84.367		104,886
<b>Total U.S. Department of Education</b>			<b>889,571</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed Through Utah State Office of Education:			
*School Breakfast Program	10.553		51,484
*National School Lunch Program-Federal School Lunch	10.555		47,454
*National School Lunch Program-Federal Special Assist. Prog.	10.555		184,240
*Summer Food Program	10.559		172,964
*U.S.D.A. Commodities	10.565		28,161
<b>Total passed through Utah State Office of Education</b>			<b>484,303</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,373,874</b>

*\*Major Program*

**GRAND COUNTY SCHOOL DISTRICT**  
Notes to Schedule of Expenditures of Federal Awards

**1. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards is a summary of activities related to the District's expenditure of Federal Awards. The schedule has been prepared on the same basis of accounting as the basic financial statements. Most of the awards are reimbursement based. Therefore, as expenditures of federal funds are made, revenue is recognized.

**2. USDA COMMODITIES**

Nonmonetary assistance of USDA commodities are reported in the schedule at the fair market value of the commodities received and disbursed.

# **GRAND COUNTY SCHOOL DISTRICT**

## **Schedule of Findings and Questioned Costs**

**For the Year Ending June 30, 2005**

### **A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the financial statements of Grand County School District.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Grand County School District were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal awards programs.
5. The auditors' report of compliance for the major federal award programs for Grand County School District expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for Grand County School District are reported in Part C of this schedule.
7. The programs tested as major programs were Special Education - Grants to States (IDEA, Part B) (84.027), Special Education - Pre School Grants (84.173), the cluster of the School Breakfast Program (10.553), the National School Lunch Program - Federal School Lunch and Federal Special Assistance Program (10.555), and the Summer Food Program (10.559), and the U.S.D.A. Commodities (10.565).
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Grand County School District was determined to be a low-risk auditee.

### **B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

### **C. FINDINGS AND QUESTIONED COSTS - MAJOR AWARD PROGRAMS**

None



**Certified Public Accountants** (a professional corporation)  
1785 West Printers Row Salt Lake City, Utah 84119 (801) 972-4800 Fax (801) 972-8941

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Education  
**Grand County School District:**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Grand County School District (District)** as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered **Grand County School District's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether **Grand County School District's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Haynie & Co*

Salt Lake City, Utah  
December 1, 2005



**Haynie &  
Company**

**Certified Public Accountants** (a professional corporation)

1785 West Printers Row Salt Lake City, Utah 84119 (801) 972-4800 Fax (801) 972-8941

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Education  
**Grand County School District**

Compliance

We have audited the compliance of **Grand County School District** with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. **Grand County School District's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of **Grand County School District's** management. Our responsibility is to express an opinion on **Grand County School District's** compliance based on our

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Grand County School District's** compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on **Grand County School District's** compliance with those requirements.

In our opinion, **Grand County School District** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of **Grand County School District** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered **Grand County School District's** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Haynie & Co*

Salt Lake City, Utah  
December 1, 2005





**Haynie &  
Company**

**Certified Public Accountants** (a professional corporation)

1785 West Printers Row- Salt Lake City, Utah 84119 (801) 972-4800 Fax (801) 972-8941

**REPORT ON LEGAL COMPLIANCE APPLICABLE  
TO UTAH STATE LAWS AND REGULATIONS**

The Board of Education  
**Grand County School District:**

We have audited the financial statements of **Grand County School District** for the year ended June 30, 2005, and have issued our report thereon dated December 1, 2005. As part of our audit, we have audited **Grand County School District's** compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended June 30, 2005. The District received the following major State assistance programs from the State of Utah:

State Minimum Schools  
Fall Enrollment and Student Membership Reporting  
Drivers Education  
Adult Education

The District also received the following nonmajor grants, which are not required to be audited for specific compliance requirements. However, these programs were subject to test work as part of the audit of **Grand County School District's** financial statements:

School Lunch  
Preschool

Our audit also included test work on the District's compliance with those general compliance requirements identified in the Compliance Manual for Audits of Local Governments in Utah including:

Public Debt  
Cash Management  
Purchasing Requirements  
Budgetary Compliance  
Truth in Taxation and Property Tax Limitations  
Other Compliance Requirements

The management of **Grand County School District** is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying schedule of findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, except for the noncompliance described in the preceding paragraph, **Grand County School District** complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2005.

*Haynie & Co*

Salt Lake City, Utah  
December 1, 2005

**GRAND COUNTY SCHOOL DISTRICT**  
Schedule of Findings - Compliance - State of Utah  
For the Year Ending June 30, 2005

**CURRENT YEAR FINDINGS**

**Statement of Condition #1:**

We noted instances at the High School where receipts were not deposited daily or within three business days.

**Criteria:**

Receipts should be deposited daily or within three banking days, as required by *Utah Code 51-4-2(2)*.

**Cause:**

The High School is just not completing the deposit and ensuring that it is taken to the bank at least every three business days.

**Effect:**

The District is not in compliance with State law.

**Recommendation:**

We recommend that procedures be established to assure that deposits are made in accordance with the compliance requirement.

**Response:**

We concur with the auditor's recommendation and will take corrective action.

**Statement of Condition #2:**

We noted that the District's number of students who participated in the driver education course did not agree to the S-3 Student Membership Report.

**Criteria:**

The number of students who participated in the driver education course should agree with the S-3 Student Membership Report.

**Cause:**

The District just did not ensure that the student records matched the information contained in the S-3 Student Membership Report.

**Effect:**

The District is not in compliance with State law.

**Recommendation:**

We recommend that the District ensure that the amounts reported on the S-3 Student Membership Report agree to the District's student records.

**Response:**

We concur with the auditor's recommendation and will take corrective action.

**GRAND COUNTY SCHOOL DISTRICT**  
Schedule of Findings - Compliance - State of Utah  
For the Year Ending June 30, 2005

Statement of Condition #3:

We noted items regarding the adult education program as follows:

The District's adult education student accounting system did not report the required student information as defined in the Utah State Board of Education's Rule R277-733. Also, there were differences between total contact hours on the student accounting system as compared to the Utah Report of Adult Education Data (URAED).

Criteria:

The adult education student accounting system should report the required student information as defined in the Utah State Board of Education's Rule R277-733. Also, the contact hours on the student accounting system should agree to the URAED.

Cause:

The District just did not ensure that the adult education student accounting system reported the required and correct student information.

Effect:

The District is not in compliance with State law.

Recommendation:

We recommend that the District maintain the required student information in the student accounting system, and that it agrees to the URAED.

Response:

We concur with the auditor's recommendation and will take corrective action.

PRIOR YEAR FINDINGS

The District's number of adults who participated in the driver education course did not agree to the S-3 Student Membership Report.

The District's adult education student accounting system did not report the required student information as defined in the Utah State Board of Education's Rule R277-733.